STATEMENT OF

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BEFORE THE

COMMITTEE ON SMALL BUSINESS

U.S. HOUSE OF REPRESENTATIVES

MARCH 6, 2008

Chairwoman Velázquez, Ranking Member Chabot and Members of the Committee, I would like to thank the House Committee on Small Business for inviting me here today to discuss how GSA's electronic systems support small businesses.

As Administrator Doan has often said to this committee in the past, GSA has been and will continue to be a good friend to the small business community. I am pleased to report on GSA's emerging procurement methods and their impact on Small Business. My testimony will focus on our electronic systems (e-systems), and our processes, contract vehicles and solutions, and how they have helped GSA strengthen the relationship with this community.

Background

At present, there are many electronic tools available for use by both large and small businesses. GSA has developed electronic systems specifically designed to allow small businesses to participate in GSA acquisition programs since 1995, when e-commerce was in its inception. E-systems allow for faster and easier processes, and can increase accessibility and transparency and minimize costs to small businesses wanting to sell to the government.

Although contracting continues to evolve and increasingly utilizes electronic methods, paper processes still exist and are often used in combination with our e-systems. GSA offers e-systems to help companies obtain GSA contracts, manage GSA procurement transactions, place orders, and publicize business opportunities. GSA provides PC-based tools free of charge to allow small businesses to submit their catalogs and receive and fill online purchase orders. The only costs small businesses incur to fully participate in these e-systems are for their computer equipment, email accounts and telecommunications. Simply put, e-systems help small businesses do business with the federal government and facilitate the connections between agency customers and small businesses.

We see GSA's role as providing a centralized delivery system for federal agencies to obtain commonly used goods and services. In that role, GSA provides an efficient interface for the private sector to have low-cost and effective market entry into the government marketplace. GSA also increasingly turns to more efficient e-systems and processes to lower transactional costs for our customer agencies, thereby ensuring a broad industrial base and maximizing opportunities for small and disadvantaged businesses. We try to ensure that ordering agencies, when attempting to meet their requirements and small business goals, can do so in an efficient manner through the use of GSA's services and programs.

Perhaps one of the most advantageous programs GSA manages that benefits small business owners has been the Multiple Award Schedules Program. The Multiple Award Schedules Program accounts for about $36 billion in orders

annually. Eighty percent of the 17,000 plus contractors in this program are small businesses and they receive about 37 percent of the total dollars spent under this program, well above the government-wide goal of 23 percent. The Schedules Program is advantageous for small businesses because it provides them with training and access to the entire government marketplace.

Description and Success of e-Systems and the Impact on Small Business

GSA continues to increase its reliance on e-systems for procurement and delivery of its services to customer agencies. The e-systems GSA manages, including those listed below, have a profound impact in creating opportunities for small businesses:

- **GSA Advantage**
  GSA *Advantage!®* serves as the online shopping and ordering system that provides access to thousands of contractors and millions of supplies (products) and services. It offers the most comprehensive selection of approved products and services from GSA/VA Schedules, as well as all GSA Global Supply products, which include over 16,000 contracts and over 15 million products online. GSA *Advantage!®* promotes increased access to the small business community by allowing customers to tailor their searches specifically for products and services provided by disadvantaged, veteran-, service-disabled veteran-, women-owned and other small businesses.

  The use of this system is impressive. GSA *Advantage!®* has recorded over 14,000 new users and has logged over 182,466 shopping sessions, just since the beginning of the 2008 fiscal year. This provides immediate market access to our many GSA contract holders.

  Additionally, GSA *Advantage!®* has been a proven procurement-winning tool for small business. The total amount of sales that went to small business contractors has steadily increased from 49.5 percent in FY 2001 to 76.5 percent in FY 2007. This shows a much faster increase in the amount of sales being made to small businesses than large businesses every year since 2001.

- **e-Buy**
  GSA's e-Buy is an electronic Request for Quote (RFQ) / Request for Proposal (RFP) system designed to allow federal buyers to request information, find sources, and prepare and post RFQs/RFPs online for millions of services and products offered through GSA's Multiple Award Schedules (MAS) and Government-wide Acquisition Contracts (GWACs).

  Federal buyers can use e-Buy to obtain quotes or proposals for services, large quantity purchases, big ticket items, and purchases with complex

requirements. Just through January 2008, there have been over 8,000 closed RFQs in the e-Buy system, with an estimated award value of over $1.1 billion in awards. Customers can use e_Buy to request invitations to bid specifically from disadvantaged, veteran-, service-disabled veteran-, women-owned and other small businesses.

This not only allows agency customers to open their procurements to small businesses, but allows for low-cost competition among those small businesses. This is a great tool for small businesses, taxpayers and agency customers alike.

- **e-Offer/Mod**
  e-Offer is a tool to submit online contract offers and contract modification requests to FAS. The purpose of e-Offer is to create an interactive, secure electronic environment that simplifies the contracting process from submission of proposal to awards. It enables a seamless transmission of data from the vendor community to the FAS contracting offices.

  Our data show that small businesses regularly take advantage of this tool. Over the last five fiscal years, with very little deviation from year to year, small businesses account for about 95 percent of all electronically submitted offers. Small businesses have readily adapted to the e-Offer process; of the 511 awards made through e-Offer, 488 have gone to small businesses. This is evidence that our e-systems have been adopted and are benefiting small businesses.

- **Schedule Input Program (SIP)**
  The Schedule Input Program (SIP) was created in 1996 to assist small vendors with using GSA e-commerce systems. The capabilities designed into SIP include all the functions a business requires to interact with GSA *Advantage!®* and e-Buy. Vendors can load their catalog information to GSA *Advantage!®*, download purchase orders and provide status back to the customer. It is provided free to vendors and requires only basic computing equipment to use.

  GSA also operates a Vendor Support Center (VSC) to assist vendors in resolving any issues that may arise with the SIP tool. The call center operates 5 days a week, 7:30 am-5:30 pm EST. The VSC also provides weekly training webinars with an average attendance of 60 vendors. In addition, many other tools, such as FAQs and user guides, are provided for vendor use at http://vsc.gsa.gov .

  GSA is currently planning a redesign of the SIP process that will take advantage of commercial catalog management services that have evolved in the past ten years in the e-commerce world. GSA will only implement a new SIP process if it results in more efficient and effective systems,

process and procedures for our vendors. Through industry meetings on this project, GSA has become aware of several small businesses whose capabilities would allow them to meet GSA's requirements for this process, and will develop an acquisition strategy that allows full participation for these small businesses.

Benefits of GSA E-Systems

GSA e-systems and processes promote transparency, accessibility and efficiency, making it easier for all businesses—including small businesses—to do business with the government and also making it easier for customers to find best value, quality small business partners.

Transparency

GSA is focused on making its processes more transparent to its small business partners. The increase in transparency allows for all businesses, particularly small businesses, to have a greater awareness of contracting opportunities. GSA has been revamping its IT procurement systems to ensure they are more user friendly for our customers and our business partners.

Systems such as e-Buy promote the ability of small businesses to gain access to procurements and an opportunity to participate in the procurement process. With the increased utilization of e-Buy, more opportunities are available and can be more easily reviewed by small businesses. Additionally the GSA *Advantage!®* system allows easy access to small business information by the federal acquisition community.

Accessibility

The e-Authentication system is a means of enabling accessibility for businesses and citizens. When transacting with federal applications, businesses are often burdened by having to maintain multiple identity credentials. E-Authentication allows these entities to securely identify themselves when accessing federal government applications online. It enables millions of safe, secure, trusted online transactions between government agencies and the citizens and businesses they serve, while reducing the online identity management burden. GSA manages the e-Authentication initiative which will facilitate small businesses being able to use a single identity credential to interface with many small-business-facing systems across the Federal government.

GSA itself operates the e-Authentication program as an e-Gov initiative. More than 20 agencies are participating in the e-Authentication program, which currently supports more than 70 federal online services and continues to grow. In FY 2008, GSA has taken steps to expand the services offered by e-Authentication and therefore expand benefits to federal agencies, businesses

and citizens. GSA's programs—which offer standardized, electronic ways to interact with the federal government, whether selling to the government or just interacting with agencies—are particularly helpful to small businesses, since they may have more limited resources for establishing connections to the government and cannot afford to engage with the government using multiple stove-pipe means.

GSA also offers greater accessibility for small businesses to sell to an expanded government marketplace, reaching state and local customers at no additional cost. Through their Multiple Award Schedule contracts, vendors are eligible to sell to state and local governments, in addition to federal agencies, under three specific regulations:

- Section 211 of the E-Government Act of 2002 (Cooperative Purchasing), which provides open use of IT Schedule 70 products and services for purchase from approved vendors for any reason;
- Section 833 of the 2007 Defense Authorization Act, which provides open use of products and services from approved vendors on all Multiple Award Schedules, as long as those products are used for disaster recovery only; and,
- Section 1122 of the Fiscal Year 1994 National Defense Authorization Act, which provides limited purchasing authority to state and local law enforcement to purchase from approved vendors—using specific MAS contracts that offer law enforcement equipment—as long as the equipment is used in the performance of counter-drug activities.

Efficiency

In addition to providing transparency and accessibility, GSA e-systems facilitate greater efficiency in the procurement process for small business through lowering transaction costs and providing greater market access, to name just two ways. Additionally, federal, state, and local government customers have access to GSA e-systems—specifically GSA E-library and GSA *Advantage!*®—to conduct vendor and market research in order to locate eligible Multiple Award Schedule vendors throughout the country. Offering customers an efficient means to conduct market research gives small businesses the ability to provide additional procurement tools without straining their valuable—and often limited—resources.

Acquisition Solutions for Small Businesses

In addition to electronic tools, GSA provides customers with a wide range of acquisition vehicles, some specifically designed to provide opportunities to the small business community. These include:

- [8(a) STARS (Streamlined Technology Acquisition Resources for Services)](), is a contract vehicle that provides a full range of IT solutions—including application development, computer facilities management services, and information assurance—through small, disadvantaged 8(a) firms.

  As an 8(a) set-aside, this contract vehicle provides small businesses which have been historically left out of the procurement process with a chance to compete in the federal marketplace. GSA customers benefit by having access to a portfolio of over 200 industry partners distributed across eight areas of expertise. Federal agencies also receive 8(a) and other small business credits toward their procurement preference goals through the use of these contracts.

- [Alliant SB,]() a small business set-aside GWAC, is designed to provide worldwide information technology solutions to federal agencies, while strengthening federal contracting opportunities for small business concerns. Alliant SB will assist agencies in reaching their small business utilization goals, while providing small businesses with opportunities to win prime contracts in the information technology arena and develop their business skills before moving into unrestricted acquisition environments.

- [VETS (Veterans Technology Services)](), a service-disabled, veteran-owned small business set-aside GWAC, encompasses the functional areas of systems operation and maintenance, and information systems engineering. VETS is designed to provide worldwide information technology solutions to federal agencies, while strengthening federal contracting opportunities for service-disabled veteran-owned small businesses.

- The VETS GWAC assists agencies in meeting their three percent service-disabled veteran-owned small business goals by providing pre-qualified industry partners in one easy-to-use contract vehicle. Service-disabled veteran-owned small businesses will, in turn, be provided with opportunities to compete within a smaller group of contract holders, allowing self-marketing opportunities and a chance to develop their businesses before moving into larger acquisition environments.

In closing, we offer superior service, innovation and value to our clients and partners through all of our GSA e-systems and solutions. While we are very proud of the great results that these e-systems advances have produced in terms of helping small businesses do business with the government—maximizing their opportunities and minimizing their costs—we will continue to aggressively seek ways to build upon this successful foundation.